

ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES INTERIM COMMITTEE

WEDNESDAY JUNE 19, 2013

The Utah Department of Workforce Services Unemployment Insurance (UI) division worked with 69,000 Utah businesses and 82,000 unemployed workers providing contributions, benefits and appeals services through telephone and online technologies. The division continued to focus on performance outcomes, improved quality and timeliness, integrity and compliance, UI trust fund solvency, re-employment initiatives, and increased efficiencies during the past year.

Following are highlights:

- **Setting new national standard for excellence.** Utah's UI Division was recognized by the US Department of Labor as the top-performing medium-sized state in the three critical areas of unemployment benefits, appeals, and tax operations. This was the second year in a row Utah has received this honor.
- **Governor's 2013 Award for Excellence.** Last month the Governor recognized the UI division for innovation and efficiency and our extraordinary vision and commitment to excellence.
- **Ongoing Unemployment Claims Moved Online:** Though initial claims may be filed by telephone or online, UI claimants with ongoing claims are now required to file their weekly claims online. The primary motivation in directing all claimants to the web is so we can gather work search contacts and to hold individuals more accountable; online filing is the most effective and efficient way of gathering this information. Since the second week of implementation, 99 percent of all UI claimants have successfully filed their weekly claim online, with special provisions for individuals with disabilities or language barriers.
- **Online Overview and Evaluation Workshop Program:** DWS launched the Online Overview and Evaluation Workshop program that UI claimants are required to take as part of the initial claims and online work registration process. The program introduces UI claimants to multiple DWS reemployment services and asks questions to help identify the claimant's needs to becoming reemployed. Claimants are required to take as many as five online workshops based on their responses and needs. Those who do not complete the workshops without good cause are denied benefits. Initial outcomes indicate that UI claimants are better prepared to become re-employed sooner, 39 percent of the claimants completing the workshops were hired versus only 28.3 percent for claimants who did not complete the workshops, representing a 37 percent increase in hire rates. Claimants also seem to like the workshops; they are voluntarily completing 42 percent more on-line workshops than they are required. This has proven to be a very cost effective service delivery option. Faster re-employment of claimants helps ensure the solvency of the trust fund, Utah's average UI claimant remains on UI for 13.4 weeks or 47 lowest nationally.
- **Enhanced Collections of Benefit Overpayments:** UI benefit overpayments collected increased by 39 percent in CY 2012 to \$15.6 million. UI has leveraged our resources by entering into agreements with other state and federal partners to increase UI Benefit Overpayment collections. The Utah State Income Tax Intercept program resulted in a 21%

increase in collections from benefit overpayments (\$1.3 million). The Treasury Offset Program (TOP) was implemented in November 2012 and has intercepted \$6.3 million dollars in federal income tax refunds during the first 11 weeks of the 2013 income tax filing season.

- **Enhanced Integrity and Compliance Efforts:** Utah is currently “piloting” data cross-matches with Equifax Workforce Solutions (who has a database of one third of all payrolls in the U.S.) and Appriss Company (who has a database of most inmate incarceration records in the U.S.). UI is matching UI claimant records with these new databases to help detect and prevent potential UI overpayments. Initial results are very encouraging; overpayments have been detected up to 15 weeks sooner using these data matches.
- **Balancing UI Tax Rates with the Long-term Solvency of the UI Trust Fund:** Utah paid record amounts of UI benefits during the most recent recession which significantly reduced the UI Trust Fund balance. As the Utah economy began to improve the last three years the Department, along with the Governor’s Office saw an opportunity to provide some needed tax relief to all employers. In CY 2012, legislation was passed that provided approximately \$26 million in UI tax relief; legislation was passed in CY 2013 to provide another \$22 million in UI tax relief. The Department does not anticipate either will have any impact on the long-term solvency of the fund, but will provide needed tax relief to all Utah employers which will stimulate job growth. The Department may bring the Committee a recommendation for further tax relief in October or November, after more revenue and benefit projections are verified and the Employment Advisory Council is consulted. The UI Trust fund stood at \$570 million last Friday or \$147 million more than last year at this time.